



Federal Communications Commission
Washington, D.C. 20554

AUG 24 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. Lyndon A. Keele
701 Garwood Road
Moorestown, NJ 08057

Dear Mr. Keele:

Thank you for your letter to Chairman William E. Kennard regarding a line item that has been added by your carrier to your telephone bill to recover its contributions to the universal service support mechanisms. Chairman Kennard has asked me to respond to your inquiry.

Long distance companies have been indirectly bearing the costs of universal service for many years, but have only recently been assessing these costs through specific line items on customers' bills. I therefore urge you to look at the bottom line on your phone bills to determine the impact on your rates. Average long distance rates have continued to decrease. Thus, the appearance of a separate line item attributed to universal service does not necessarily reflect an increase in your overall cost of phone service.

On May 7, 1997, the Commission adopted an Order to implement the Federal-State Joint Board's recommendations on universal service as required by the Telecommunications Act of 1996 (1996 Act). The Commission established universal service support mechanisms that fulfill Congress's goal, as stated in Section 254 of the 1996 Act, of ensuring that affordable, quality telecommunications services are available to all American consumers, including low income consumers and those located in high cost, rural, and insular areas. Universal service support for carriers serving high cost areas and for low income consumers has been provided for decades. In the 1996 Act, Congress expanded universal service goals to ensure the nation's classrooms and libraries receive access to the vast array of educational resources that are accessible through the telecommunications network. These support systems also will link health care providers located in rural areas to urban medical centers so that patients living in rural America will have access, through the telecommunications network, to the same advanced diagnostic and other medical services that are enjoyed in urban communities.

In the 1996 Act, Congress required all telecommunications carriers that provide interstate telecommunications services to contribute on an equitable and nondiscriminatory basis to universal service. The Commission implemented this statutory provision by requiring all such telecommunications carriers to contribute to the universal service support mechanisms. Neither Congress, nor the Commission, requires such carriers to pass this contribution on to their customers. To the contrary, carriers decide how and to what extent

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they recover **their** contributions. Carriers, however, may not mislead customers as to how they recover contributions and may only recover an equitable share from any particular customer.

The Commission is monitoring the universal service support mechanisms and their impact on telephone ratepayers. This issue will be carefully reviewed as the support mechanisms are administered.

Your letter has been placed in the official public record of the universal service proceeding (CC Docket No. 96-45). I appreciate your interest and views on these important issues.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lisa S. Gelb", is written over a faint, circular official stamp.

Lisa S. Gelb
Chief
Accounting Policy Division
Common Carrier Bureau

980374

LYNDON A. KEELE

701 GARWOOD ROAD . MOORESTOWN . NEW JERSEY . (Office) 609-424-0068

June 15, 1998

The Honorable Bill Archer
1236 Longworth HOB
Washington DC 20515-4307

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Dear Representative Archer:

I'm very surprised that you and the House allow an unelected bureaucrat such as Chairman Kennard to usurp your authority to impose taxes. As you are probably aware, the FCC has already imposed a dollar per line for "universal service" which the telcos, both landline and cellular, have passed to consumers and businesses, and of course the Internet hookup tax will also be passed to consumers. Soon these illegitimate taxes will surpass the cost of basic telephone service costs.

It is believed that this is totally unconstitutional since only the House has the responsibility to levy taxes--which has been entirely too frequent in the past.

Even though the FCC Commissioners have voted 3-2 to reduce the tax by half, that is still not satisfactory, especially since 80% of the schools have already been wired. To persist on this uncalled for tax, both the FCC Chairman and Commissioners and Gore should, at the least, be publicly censured.

Sincerely,


Lyndon A. Keele

cc: Representative Newt Gingrich
Representative Jim Saxton
Senator Frank R. Lautenberg
Senator Robert Torricelli
FCC Chairman William Kennard